

The Council and DSA Partnership

Enhancing Communication to Ensure Fiscal Accountability

July 10, 2018

Welcome to the afternoon plenary session – this session will focus on the Council and DSA Partnership: Enhancing Communication to Ensure Fiscal Accountability.

Learning Objectives

Recognize roles and responsibilities of the DSA and Council through partnership and communication;

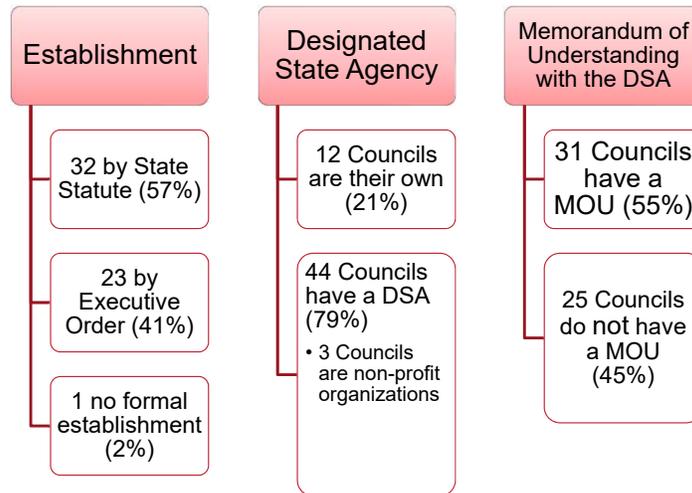
Understand the purpose, function, and development of a Memorandum of Understanding;

Understand the Federal Financial Reports required;

Understand the importance of and tips to manage obligations.

The learning objectives for this session are:

Councils and Their Structures – At-a-Glance



We'd like to start this session with an overview of DD Councils and their structures – meaning, how Councils are established (within State statute/law or by a Governor or Mayorial Executive Order); information on how many Councils are their own Designated State Agency, and how many Councils have a Designated State agency; and information on how many Councils have a memorandum of understanding with their Designated State agency. All information was taken from submitted 5-year State plans.

There is a detailed chart in your packet that has all details for each Council – the information presented here is a summary.

The Partnership

Partnership defined:
Arrangement where
parties agree to
cooperate to advance
mutual interests.



We recognize
expertise on both
sides

- DSA – Fiscal
- Council – Fiscal and Programmatic

It is evident that a partnership between the Council and the DSA is needed. Let's quickly look at the definition of partnership which is simply an arrangement where parties agree to cooperate to advance mutual interests – for the DD Council grant award, we recognize there is expertise on both sides of the partnership – for the Designated State Agency, the expertise is fiscal, and for the DD Council, the expertise is fiscal AND programmatic.

It is important that the DSA and the Council partner and share information through open communication about financial status as the Council makes budgetary decisions and the DSA and Council work together to ensure fiscal accountability is met.

DSA Fiscal Responsibilities

Receive	Account	Disburse	Provide
Receive funds	Account for funds	Disburse Funds	Provide fiscal controls and fund accounting procedures as necessary <ul style="list-style-type: none">• Proper disbursement• Accounting for funds

Now we will turn our attention to the Designated State Agency responsibilities. The DD Act lays out general responsibilities to include receiving, accounting, and disbursing funds under Subtitle B of the DD Act and provide fiscal controls and fund accounting procedures as necessary to ensure the proper disbursement of, and accounting for funds paid under this subtitle.

DSA Records, Access, and Financial Reports



In addition, the DD Act indicates the Designated State Agency shall keep and provide access to records as the Administration for Community Living (ACL) and the Council may determine to be necessary. The Designated State Agency (if other than the Council) shall provide timely financial reports regarding the status of expenditures, obligations, and liquidations by the Designated State Agency or the Council, as the use of federal and non-federal shares.

DSA Reimbursement of Expenses

- Statutorily capped
 - 5% of annual federal award or \$50,000 whichever is less
 - To reimburse $\frac{1}{2}$ of expenses found to be necessary to support the Council
- Expensed in the appropriate federal fiscal year
- If the DSA has a negotiated indirect cost rate, the difference between the 5% or \$50,000 can be used to satisfy match requirements
- This expense will be part of the Council's administrative budget.

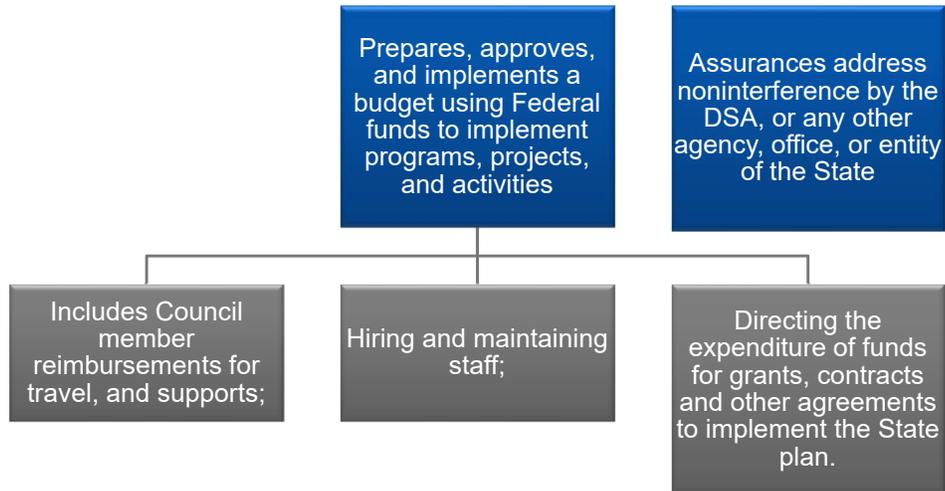
The DD Act also provides information about reimbursement of expenses found to be necessary to support the DD Council. However, there are some restrictions.

There is a TA Brief in the packet that provides detailed information about the reimbursement of expenses. The reimbursement is statutorily capped, meaning, the law states that the maximum amount of money a DSA can request in reimbursement is 5% of the annual federal award for the Council, or 50,000 – whichever is less AND that amount must represent one half of the expenses found to be necessary to support the Council. This means if a DSA wanted to request reimbursement for \$50,000 in expenses to support the Council, the DSA would have to document they provided \$100,000 worth of expenses – the law indicates the reimbursement is for $\frac{1}{2}$ of the amount of expenses found to be necessary.

Of course, differences can be used to satisfy match requirements.

The reimbursement of expenses would be included in the Council's administrative budget and be expensed out of the appropriate federal fiscal year.

The Council Responsibilities

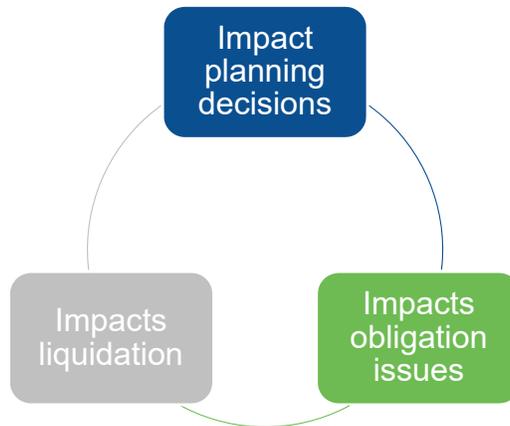


Now we will review the Council responsibilities - The DD Act indicates the Council shall prepare, approve and implement a budget using the Federal funds provided for programs, projects, and activities. And, the DD Act includes specific language around federal funds being used for Council member travel reimbursements and personal care attendant as well child care expenses while performing Council duties – hiring and maintaining adequately trained and number of Council staff necessary to carry out the functions of the Council – and the DD Act also addresses the Council as the entity to direct the expenditure of funds for grants, contracts, interagency agreements that are binding contracts and other activities as authorized by the approved State plan.

The DD Act also requires Assurances by the State or Territory be submitted with the Council’s 5-Year State plan. A key element of the assurances is “Noninterference”. In general, this clause states that the designated State agency, and any other office, or entity of the State will not interfere with the advocacy, capacity building, and systems change activities, budget, personnel, State plan development, or plan implementation of the Council – except, that the DSA will perform their fiscal responsibilities as previously reviewed.

Having a clear understanding of Council responsibilities and DSA responsibilities is key to effective management of the DD Council grant award.

Financial Reports Impact Decisions



In order for the DD Council to make informed decisions about obligating federal funds, access to and knowledge about financial information is critical to the Council's work. Financial reports from the Designated State Agency can provide the Council with accurate, timely information about funds available to make plans for the use of the funds. Clear communication about financial information between the Council and the DSA is critical because the information impacts planning, obligation, and liquidation actions.

Communication between DSA and Council

Communicating financial status is **KEY** to effective, efficient operations

Two basic types of communication:

- Formal
 - In writing
 - Takes time
 - Memorandum of Understanding
- Informal
 - Rely on spoken agreements
 - Rely on past processes and methods

A core way to ensure understanding is through communication. The ability of the DSA and the Council to communicate financial information and status is key to effective, efficient management of the Council's program.

When we think about communication, most often we reference speaking and writing – or formal and informal.

The more formal way to communicate is in writing – although this takes more time, the information is more reliable and formal communication (in the workplace) binds people to the content of the written word. A Memorandum of Understanding between the Council and the DSA is an example of formal communication.

Informal communication is generally oral communication and is very rapid and quick, however it is less reliable because documentation of the issue at hand is not present. At times, when spoken agreements are used or past processes are used, the methods or agreements change or are no longer recognized when DSA personnel changes. In other words, when people change, previously informally established agreements change as well.

As we think about ways to ensure open communication is occurring between the Council and the DSA, the DD Act provides a mechanism for Councils and DSA's to use – the Memorandum of Understanding.

MOU – What does the DD Act say?

- DD Act Language
- Section 125 (d)(3)(G) MEMORANDUM OF UNDERSTANDING – On the request of the Council, the designated State agency shall enter into a memorandum of understanding with the Council delineating the roles and responsibilities of the designated State agency.

The DD Act provides specific language about a Memorandum of Understanding (as you can see here) – the basics of an MOU are – the MOU is at the request of the Council and describes (or outlines) the roles and responsibilities of the designated state agency.

Memorandum of Understanding (MOU)

- The purpose of a memorandum of understanding is to formally establish a working relationship between a Council and a DSA through clear and mutually agreed upon assignments of authority and responsibilities.

TIP - Use the DD Act as the foundation for development.

Refer to the DSA Responsibilities section

RESOURCE: ITACC TA Brief

As we said earlier – the MOU would be considered a formal method of communication because it is a written document.

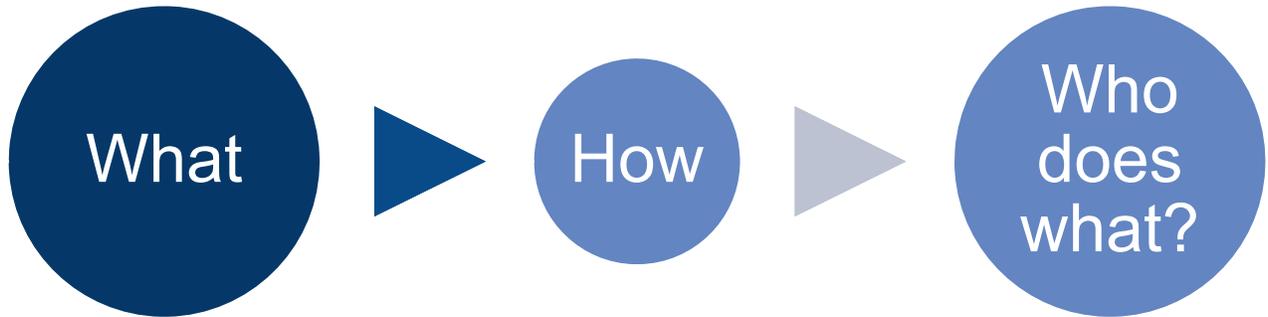
The purpose of a MOU is to formally establish the working relationship between the Council and the DSA – this includes clear and mutually agreed upon assignments of authority and responsibilities –

You have a TA Brief in your packet that provides information about common elements included in DD Council MOU's – You will notice some common topics are office space and technology, fiscal administration, personnel administration, the relationship with other state departments, or agencies, and review of the MOU.

An Memorandum of Understanding can open lines of communication with the DSA, provide information on expectations of both parties, and these agreements can “live on” when staffing changes at the Council or the Designated State Agency.

We'd like to highlight a couple of Council's who have MOU's with their Designated State Agency – the items you will see are elements of these Council's broader MOU -

The Basic considerations for a MOU agreement



Fiscal items for consideration

- Budget Development
 - Council's role and authority
 - How Council budget is reflected in DSA budget
- Fiscal administration
 - Policies and procedures references
 - Payments
 - Subrecipient agreement processing
 - Council as decision maker
- Financial Reports
 - Monthly expense status
 - Quarterly Federal Cash Transaction Reports
 - Annual SF-425 reports
 - Access to financial systems
 - Council to review prior to submission

Fiscal administration is a common element for a Memorandum of Understanding between the Council and the DSA.

Considerations continued

- Communication
 - Policies, procedures, regulations
 - Discussion when changes occur
 - Regularly scheduled “check-ins”
 - Assignment of DSA staff person or liaison



Alabama MOU – highlighted items

The DSA shall designate a liaison who will act as contact for the Council's Executive Director to resolve any problems, questions, or disputes regarding fiscal, purchasing, contracting and personnel matters.

The DSA will fully communicate all relevant fiscal, purchasing, contracting and personnel policies, procedures, regulations and other requirements to the Chair of the Council as well as to the Council's Executive Director by (a) providing written documentation with updates and (b) discussing interpretation and changes.



The Alabama MOU has two items that speak directly to the communication of relevant fiscal information. Myra Jones-Banks, the Executive Director of the Alabama Council will highlight a couple of items from the MOU with their DSA.

Colorado MOU – highlighted items

The DSA will provide the Council fiscal officer access to CORE to control and report on the Council's financial status.

The DSA will obtain prior verbal approval from the Council ED or his/her designee is a department charges a bill against a grant budget line account that differs from the account designated by the Council or modifies the amount to be charged



The Colorado Council has an access item for Council staff in their agreement as well as expectations about communication with expense charges – McKenzie Helton, Colorado Council Fiscal Officer will review a couple of items from their MOU.

FEDERAL FINANCIAL REPORTS

Now we will turn our attention to the federal financial reports.

The Annual SF-425

- This report provides a status of each grant award;
- Communication is necessary between the Council and the DSA to ensure accurate 425's are being submitted.
- Findings from most recent submission
 - Accuracy of reports
 - Match not submitted
 - If match is submitted, documentation of how match was derived is missing
 - No reports submitted

As you know, Annual SF-425's are a required report. The 425 provides a status of each grant award. Communication is necessary between the Council staff and the DSA staff to ensure accurate 425's are being submitted.

ACL Office of Grants Management staff review the annual 425's and based on the most recent submission, we found very few Councils are submitting accurate 425's and it suggests a lack of communication between the DSA staff and Council staff. Someone is assigned to certify the expenditures and match is accurate and the Council staff needs to be involved. We recommend talking to each other to determine how both can work together to get more accurate 425's – following more accurate 425's being submitted, the Administration can establish compliance.

In addition to overall accuracy of reports – we have noted no match is submitted, and when match is submitted, the documentation (details about how match was derived) is missing.

In some cases, no reports are submitted.

Federal Cash Reporting

Due within 30 days of the end of each quarter

Reconciliation of disbursements

PMS reviews the reports quarterly

IMPORTANT! The Council should seek out open communication with the DSA about information submitted on the Federal Cash Reports

You may want to think of the Federal Cash Transaction report as simply reconciling your checkbook. The report is designed to reconcile spending to each federal year's allotment and is filed quarterly.

The Notice of Award has information about the quarterly reports – which is a reconciliation of advances and disbursements for each quarter of the federal fiscal year

Quarterly Reports

Federal Cash Reporting is reported on a quarterly calendar year basis (for the periods ending 12/31, 3/31, 6/30, 9/30) at the HHS Departmental Payment Management System (PMS). PMS website is located at <https://pms.psc.gov/> Reconciliation of advances and disbursements is required for each quarter and the report must be completed within 30 days of the end of each quarter (i.e., by 1/30, 4/30, 7/30, 10/30). This reporting requirement is separate from completing the entire SF-425 as denoted in the financial reporting term.

PMS reviews the reports quarterly so Councils should be interested in knowing what is reported on the FCTR.

MANAGING OBLIGATIONS

Let us take a brief look at managing the obligations.

Manage obligations proactively

- 2 year obligation and project period
- Prior to the start of a federal fiscal year
 - 1) Establish project period dates in all agreements
 - 2) Include an expectation that the work will be completed
- During the project period
 - 1) Monitor the project schedule to ensure the project is progressing appropriately
 - 2) Promote regular billing for a project to expend the obligation
 - 3) Periodically review unexpended balances to evaluate excess and unneeded funds

Proactive management of obligations is good management!

As you know, there is a two-year obligation period that aligns with the two-year project period.

Prior to the start of a federal fiscal year – review all agreements to make sure there are established project period dates present and include an expectation that the work will be completed within the project period timeframe.

During the project period, Council staff will want to monitor the project schedule to ensure the project is progressing appropriately, and promote subrecipients to bill regularly – this will help Council staff assess the ability to expend the obligation and of course, periodically review unexpended balances so the Council staff can evaluate excess or unneeded funds – if the funds are not needed on this obligation, the Council can de-obligate and re-obligate the funds.

Managing continued

Keep an eye on all available resources

- Develop processes to track availability of funds
- Compare with federal financial reports

Determine if programmatic adjustments need to be made

- Assess available funding with current and planned projects, activities, and programs supported by the 5-Year State plan
- Determine next steps – State plan amendments, updates

Managing the funds

- Determine what the Council needs to do

Council staff and DSA fiscal personnel will want to keep an eye of all available resources and develop processes to track availability of funds. Tracking should also include comparing reports and financial status information with federal financial reports.

The Council staff will need to determine if programmatic adjustments need to be made – as part of monitoring the fiscal status of Council work, conducting on-going assessments of available funding with current and planned project activities and programs that are supported by the Councils 5-year plan need to be made to determine next steps – at times, the Council staff may need to consider a state plan amendment, or a state plan update based on the programmatic assessment.

And, managing the funds – as you know, each grant award year has obligation and liquidation timeframes, so accurate and timely financial status reports will inform the Council staff of action the Council needs to take.

Thank you

